



City of Austin, Texas

#51

\$135,000,000

Water and Wastewater System Revenue Refunding Bonds, Series 2006A



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

**Pricing Report
November 16, 2006**



\$135,000,000
Water and Wastewater System
Revenue Refunding Bonds, Series 2006A

Refunding Bonds - The Bonds are being issued to refund approximately \$135,000,000 of the City's outstanding Tax-Exempt Commercial Paper issued for the Water and Wastewater System.



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\$135,000,000
Water and Wastewater System
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ISSUER	City of Austin, Texas
TYPE OF SALE	Competitive
BOND COUNSEL	Fulbright & Jaworski L.L.P.
FINANCIAL ADVISOR	The PFM Group
BOND INSURER	Financial Security Assurance Inc
PURCHASER	Merrill Lynch & Co.



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Bond Market Update

MARKET POSI MUNIS SI IGH II Y FIRMER ATER DATA Nov 16 2006 10 53

By Michael Scarchilli and Jonna Stark, The Bond Buyer NEW YORK (Thomson)--The municipal market was slightly firmer this morning, as gains after weaker-than-expected inflation data mostly withstood a mild weakening that occurred after capacity utilization data came in stronger than anticipated. "There was good economic news, and the market shot up initially, but then just has given [most of it] back," a trader in New York said. "Investors really don't have a tremendous appetite at this point in time. The bid side is considerably cheaper than where the offerings are. The flow that I am seeing is dismal, and it is very hard to get anyone interested in paper at this point in time." Trades reported by the Municipal Securities Rulemaking Board this morning showed gains. A dealer sold to a customer Connecticut 5s of 2008 at 3.53%, down three basis points from yesterday. A dealer sold to a customer Puerto Rico 5.25s of 2025 at 4.14%, down three basis points from yesterday. Bonds from an interdealer trade of Maryland Department of Housing 3.95s of 2011 yielded 4.04%, even with where they traded yesterday. Bonds from an interdealer trade of Louisiana 4.75s of 2039 yielded 4.33%, down four basis points from yesterday. The Treasury market was firmer this morning. The yield on the benchmark 10-year Treasury note was recently quoted at 4.62%, after opening at the same level. The yield on the two-year note, which opened at 4.83%, was quoted recently at 4.80%. In economic data released today, overall consumer prices slipped by 0.5% in October, the second straight month CPI was down that percentage, while the core rate of inflation, which excludes volatile food and energy prices, increased by 0.1%. The overall 0.5% decline was driven largely by a continued decline in energy prices, which fell 7.0%, after a 7.2% decrease in September. Economists polled by IFR Markets had predicted a 0.3% drop for the overall CPI, and a 0.2% rise in core CPI. First-time applications for state unemployment benefits decreased 2,000 to 308,000 in the week ended Nov. 11. The seasonally adjusted figure was below the 310,000 level predicted by economists polled by IFR Markets and followed the previous week's revised level of 310,000. Also, industrial production in the nation increased 0.2% in October, driven by a 4.1% rise in utilities production. The slight uptick came after an unrevised 0.6% decline the previous month. The capacity utilization rate rose 0.1% to 82.2% in October, up from an upwardly revised level of 82.1% in September. October's rise in production matched the 0.2% increase forecast by economists polled by IFR Markets, while the capacity utilization rate of 82.2% was slightly above the 81.9% level projected by IFR. In the new-issue market today, Morgan Stanley is expected to price roughly \$465 million of refunding bonds for Harris County, Texas, in three series. The largest series is comprised of \$275 million of unlimited tax road refunding bonds. The remaining two series will be \$90 million of permanent improvement refunding bonds and \$100 million of flood control district contract tax and refunding bonds. The underlying credit is rated Aa1 by Moody's Investors Service and AA- plus by both Standard & Poor's and Fitch Ratings.

Visible Supply The Bond Buyer's 30-day visible supply fell \$920.9 million to \$7.707 billion. The total is comprised of \$3.031 billion of competitive deals and \$4.676 billion of negotiated bonds.

Previous Session's Activity The Municipal Securities Rulemaking Board reported 35,348 trades yesterday of 15,219 separate issues for volume of \$29.21 billion. Most active was St. Peters, Mo., 4.55s of 2031, which traded 71 times, with a high of par and a low of 97.750.

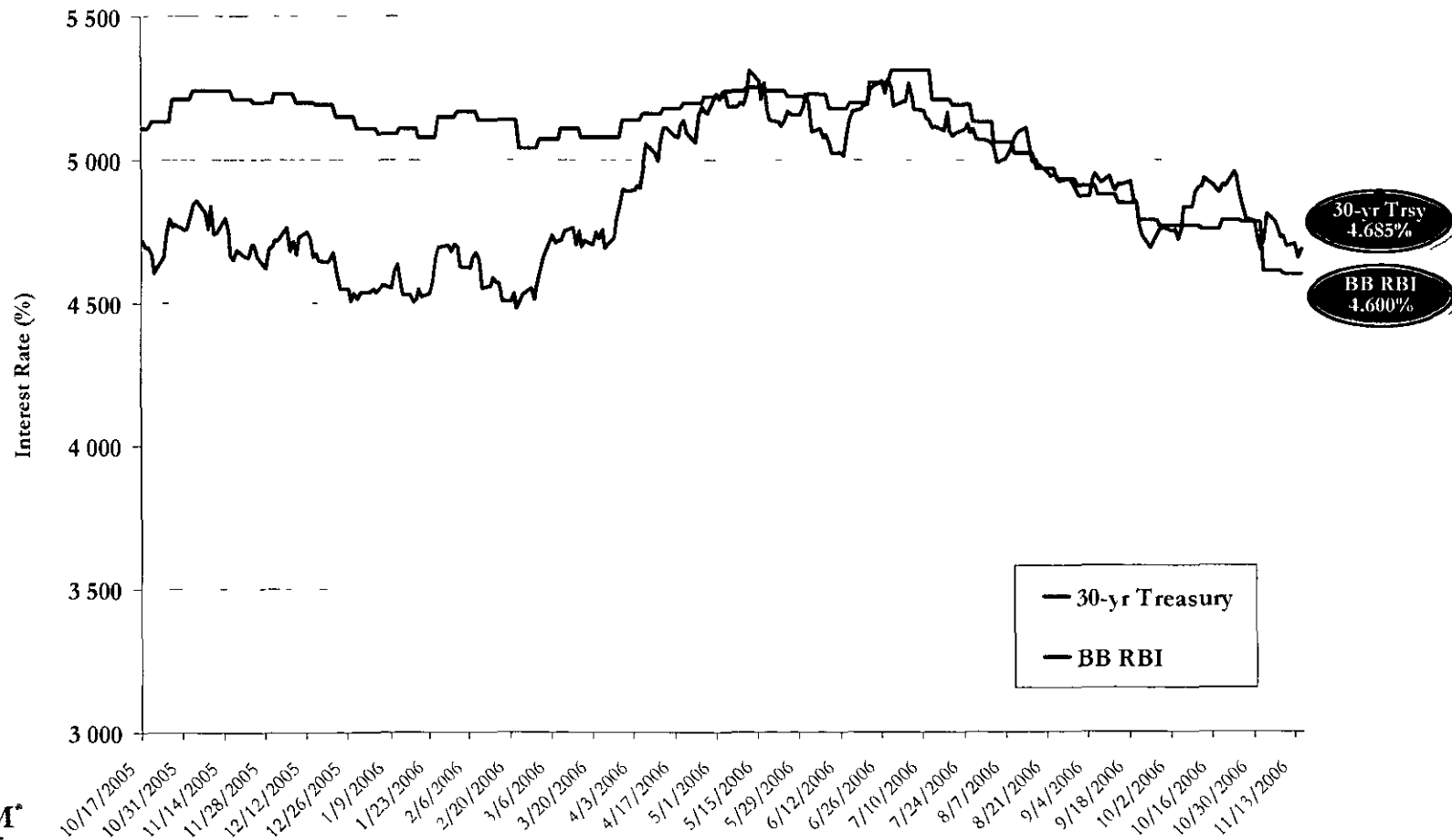


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Bond Buyer Revenue Bond Index vs. 30 Year Treasury November 2005 through November 2006



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Municipal Markets Calendar

COMPETITIVE

<u>Week of</u>	<u>Amount</u>	<u>Issuer</u>	<u>State</u>	<u>Issue</u>	<u>Manager</u>
November 13, 2006	\$ 135,000,000	Austin, City of	TX	Rev	N/A
November 13, 2006	\$ 124,125,000	North TX Mun Wtr Dist	TX	Rev	N/A
November 13, 2006	\$ 120,705,000	Delaware Transp Auth	DE	Rev	N/A
November 13, 2006	\$ 190,150,000	Nevada, State of	NV	Rev	N/A
November 13, 2006	\$ 217,640,000	Virginia Pub Bldg Auth	VA	Rev	N/A

NEGOTIATED

<u>Week of</u>	<u>Amount</u>	<u>Issuer</u>	<u>State</u>	<u>Issue</u>	<u>Manager</u>
November 13, 2006	\$ 275,000,000	Harris County	TX	GO	Morgan Stanley
November 13, 2006	\$ 90,000,000	Harris County	TX	GO	Morgan Stanley
November 13, 2006	\$ 100,000,000	Harris Co Flood Dist	TX	Rev	Morgan Stanley
November 13, 2006	\$ 154,385,000	Seminole County	FL	Rev	Citigroup
November 13, 2006	\$ 101,825,000	Illinois Hsg Dev Auth	IL	Rev	Merrill Lynch



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Maturity Schedules

Water and Wastewater System Revenue Refunding Bonds, Series 2006A

<u>Maturity</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
11/15/2008	\$ 2,120,000	5 000%	3 510%	11/15/2022	\$4,270,000	4 625%	4 210%
11/15/2009	2,230,000	5 000%	3 530%	11/15/2023	4,490,000	4 750%	4 190%
11/15/2010	2,345,000	5 000%	3 550%	11/15/2024	4,720,000	4 750%	4 210%
11/15/2011	2,465,000	5 000%	3 580%	11/15/2025	4,965,000	3 500%	4 380%
11/15/2012	2,590,000	5 000%	3 610%	11/15/2026	5,215,000	3 500%	4 400%
11/15/2013	2,725,000	5 000%	3 680%	11/15/2027	5,485,000	3 500%	4 410%
11/15/2014	2,865,000	5 000%	3 710%	11/15/2028	5,765,000	3 500%	4 420%
11/15/2015	3,010,000	5 000%	3 750%	11/15/2029	6,060,000	3 500%	4 430%
11/15/2016	3,165,000	5 000%	3 790%	11/15/2030	6,370,000	3 500%	4 440%
11/15/2017	3,325,000	5 000%	3 840%	11/15/2031	6,700,000	3 500%	4 450%
11/15/2018	3,495,000	5 000%	3 890%	11/15/2032	7,045,000	4 250%	4 360%
11/15/2019	3,675,000	5 000%	3 910%	11/15/2033	7,405,000	5 000%	4 150%
11/15/2020	3,865,000	4 500%	4 130%	11/15/2034	7,785,000	5 000%	4 150%
11/15/2021	4,065,000	5 000%	3 970%				

Term Bond

11/15/2035	8,185,000	5 000%	4 150%
11/15/2036	8,600,000	5 000%	4 150%

TIC: 4.419151%



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Competitive Bids

W&WW Sys Rev Ref Bds, Ser 2006A	
<u>Bidder Name</u>	<u>TIC</u>
Merrill Lynch & Co	4 385823%
Citigroup Global Markets Inc	4 390864%
Goldman, Sachs & Co	4 392805%
J P Morgan Securities Inc	4 395460%
Banc of America Securities LLC	4 400238%
Prager, Sealy & Co , LLC	4 401346%
UBS Securities LLC	4 405177%
Morgan Keegan & Company, Inc	4 421495%

UNDERLYING RATING UPGRADES

	<u>New</u>	<u>Old</u>
Fitch	AA-	A+
Moody's	Aa3	A1
S&P	A+	A



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